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Manitoba

2008-01513/

MANITOBA
OPPORTUNITIES FUND
LIMITED

Annual Report

March 2007

Manitoba

MANITOBA OPPORTUNITIES FUND LIMITED

Financial Statements
March 31, 2007

Manitoba

MINISTER OF COMPETITIVENESS,
TRAINING AND TRADE

Winnipeg, Manitoba, CANADA
R3C 0V8

His Honour
The Honourable John Harvard
Lieutenant Governor of Manitoba
Room 235 Legislative Building
405 Broadway Avenue
Winnipeg MB R3C 0V8

Your Honour:

I am pleased to present the Annual Report for the Manitoba Opportunities Fund Limited for the fiscal year ending March 31, 2007.

Respectfully submitted,

Jim Rondeau
Minister

Manitoba

Competitiveness, Training and Trade
Manitoba Development Corporation
1040 - 259 Portage Avenue
Winnipeg MB R3B 3P4
T 204-945-7626 **F** 204-945-1193

Honourable Jim Rondeau
Competitiveness, Training and Trade
Room 333 Legislative Building
Winnipeg MB R3C 0V8

Dear Minister Rondeau:

It is our pleasure to submit the Annual Report of the Manitoba Opportunities Fund Limited for the fiscal year ended March 31, 2007, as required by Section 67 of the Financial Administration Act.

Respectfully submitted,

Hugh Eliasson
Chairperson

BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
Comptables agréés et conseillers

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Auditors' Report

To the Board of Directors of
THE MANITOBA OPPORTUNITIES FUND LTD.

We have audited the balance sheet of **THE MANITOBA OPPORTUNITIES FUND LTD.** as at March 31, 2007 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 29, 2007

BDO Dunwoody LLP is a Limited Liability Partnership registered in Ontario
BDO Dunwoody s.r.l. est une société à responsabilité limitée constituée en Ontario

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THE MANITOBA OPPORTUNITIES FUND LIMITED

MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in conformity with the generally accepted accounting principles. The statements are examined by BDO Dunwoody LLP, Chartered Accountants, whose opinion is included herein.

To fulfill this responsibility, management maintains internal control systems to provide reasonable assurance that the accounts and records accurately reflect all transactions and that appropriate policies and procedures are established and respected.

BDO Dunwoody LLP have free access to the Board of Directors, with and without management present, to discuss the results of their audit and the quality of financial reporting to the Board.

James F. Kilgour, C.A.
General Manager

Kristine Seier, CMA
Secretary-Treasurer

THE MANITOBA OPPORTUNITIES FUND LTD.
Balance Sheet

March 31	2007	2006
Assets		
Current Assets		
Short-term investments (Note 2)	**$ 10,154,715**	$ 7,940,089
Accrued interest receivable	**59,631**	35,935
	10,214,346	7,976,024
Long-term investments (Note 3)	**85,854,171**	64,419,838
Deferred charges	**4,430,534**	4,039,380
	$100,499,051	$ 76,435,242
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 1,298,693**	$ 559,454
Long-term debt (Note 4)	**97,442,148**	74,876,561
Retained Earnings	**1,758,210**	999,227
	$100,499,051	$ 76,435,242

Approved on behalf of the Board:

Director

Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE MANITOBA OPPORTUNITIES FUND LTD.
Statement of Income and Retained Earnings

For the year ended March 31	2007	2006
Investment Income	**$ 3,233,192**	$ 2,024,500
Expenses		
Amortization of deferred charges	**1,173,897**	790,002
Professional fees	**4,156**	10,272
Program administration	**79,576**	25,231
	1,257,629	825,505
Operating income for the year	**1,975,563**	1,198,995
Growing Through Immigration Strategy Support (Note 5)	**1,216,580**	531,547
Net income for the year	**758,983**	667,448
Retained earnings, beginning of year	**999,227**	331,779
Retained earnings, end of year	**$ 1,758,210**	$ 999,227

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE MANITOBA OPPORTUNITIES FUND LTD.
Statement of Cash Flows

For the year ended March 31	2007	2006
Cash Flows from Operating Activities		
Net income for the year	**$ 758,983**	$ 667,448
Adjustments for		
Amortization of deferred charges	**1,173,897**	790,002
Increase in present value of long-term investments	**(2,863,297)**	(1,851,652)
	(930,417)	(394,202)
Changes in non-cash working capital balances		
Accrued interest receivable	**(23,696)**	(23,753)
Accounts payable and accrued liabilities	**739,239**	556,955
	(214,874)	139,000
Cash Flows from Investing Activities		
Purchase of long-term investments	**(18,571,036)**	(30,229,121)
Cash Flows from Financing Activities		
Advances from long-term debt	**21,000,536**	33,777,652
Increase in cash equivalents during the period year	**2,214,626**	3,687,531
Cash equivalents, beginning of period year	**7,940,089**	4,252,558
Cash equivalents, end of period year	**$ 10,154,715**	$ 7,940,089
Represented by		
Short-term investments	**$ 10,154,715**	$ 7,940,089

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE MANITOBA OPPORTUNITIES FUND LTD.
Summary of Significant Accounting Policies

March 31, 2007

Basis of Accounting

The company's financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

Revenue Recognition

Interest revenue on short-term investments is recorded on an accrual basis. Investment income on long-term investments is determined by the difference in the present value of the term note and the cost of the term note.

Contributed Services

During the year, the Province of Manitoba provided office space and other administrative services to the company at no cost. Because of the difficulty of estimating the fair value of such expenses, no contributed services are recognized in the financial statements.

Deferred Charges

Deferred charges, which reflect the handling fee to be paid to the Government of Canada upon repayment of funds, are amortized over the five year term the related deposits are held.

Short-term Investments

Short-term investments are carried at cost, which approximates market value. Funds available for investment are invested with the Province of Manitoba.

Financial Instruments

The company's financial instruments consist of accrued interest receivable, short and long-term investments, accounts payable, and long-term debt. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Long-term Investments

Long-term investments are recorded at cost which represents the discounted value of the term notes. Over time, the value of the long-term investments increase equal to the effective interest rates on the term notes. The increase in the present value of the long-term investments during the year is recorded as an increase in the long-term investments and as investment income.

THE MANITOBA OPPORTUNITIES FUND LTD.
Summary of Significant Accounting Policies

March 31, 2007

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Cash Equivalents

Cash equivalents consists of short-term investments with a term to maturity of 90 days or less.

March 31, 2007

1. Nature of Operations and Economic Dependence

The Manitoba Opportunities Fund Ltd. (the company) was incorporated under the laws of Manitoba on April 3, 2003. The company was formed due to the requirements of the Fund Agreement between the Minister of Citizenship and Immigration and the Manitoba Fund dated October 21, 2003 to function as an "approved fund" under the Immigrant Investor Program.

The object of the company is to hold and invest the Provincial allocation of immigrant's investments made through the Federal Department of Citizenship and Immigration Canada's (CIC) Immigrant Investor Program. The Federal Immigrant Investor Program seeks to attract experienced persons and capital to Canada. Investors must demonstrate business experience, a minimum net worth of CDN $800,000 and make an investment of CDN $400,000. The funds invested are distributed among participating Provinces. After five years, the company returns the Provincial allocation of the $400,000 investment, without interest, to the CIC who then returns the funds to the individual investors who have become permanent residents. However, prior to approval and issuance of a Permanent Resident's Visa an investor may withdraw from the program and CIC will request that the company repay the Provincial allocation of the individual investment at such time.

Manitoba, as a participating Province, through the company invests the Provincial allocation funds for a period of five years and uses the interest income generated on the funds to create jobs and help the Manitoba economy grow.

The company is economically dependent on the Province of Manitoba as the Province of Manitoba is liable for the long-term debt payable to the Federal Government.

2. Short-term Investments

The short-term investments consist of 30 - 90 day deposit certificates held by the Province of Manitoba.

3. Long-term Investments

The long-term investments are made up of several 5 year zero coupon term notes which Manitoba Opportunities Fund Ltd. purchases on a monthly basis from the Province of Manitoba. The maturity dates range monthly from January 2009 to March 2012. The effective interest rates range from 3.35% to 4.51% payable at the end of the 5 year term.

The discount on the bonds are amortized over the 5 year term. The present value of the bond less the face value is recorded each year as interest income.

March 31, 2007

1. Nature of Operations and Economic Dependence

The Manitoba Opportunities Fund Ltd. (the company) was incorporated under the laws of Manitoba on April 3, 2003. The company was formed due to the requirements of the Fund Agreement between the Minister of Citizenship and Immigration and the Manitoba Fund dated October 21, 2003 to function as an "approved fund" under the Immigrant Investor Program.

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The discount on the bonds are amortized over the 5 year term. The present value of the bond less the face value is recorded each year as interest income.

4. Long-term Debt

	2007	2006
Government of Canada	**$ 97,442,148**	$ 74,876,561

The long-term debt represents the Provincial allocation of immigrant's investments repayable to the Federal Government five years after the Federal Government has distributed these funds to the Manitoba Opportunities Fund Ltd. A handling fee is deducted prior to the funds being distributed to the Manitoba Opportunities Fund Ltd.

Principal repayments for the next five years are:

2008	$ -
2009	1,897,286
2010	38,873,526
2011	33,918,052
2012	22,753,284
	$ 97,442,148

5. Growing Through Immigration Strategy Support

Funds transferred to support the Growing Through Immigration Strategy are made up of the following, as approved by the Treasury Board:

	2007	2006
Business Settlement Office	**$ 210,343**	$ 68,647
Internationally Educated Engineers Qualification Program	**120,000**	120,000
Transfers to the Department of Labour and Immigration	**827,100**	342,900
Manitoba Agriculture, Food and Rural Initiatives	**59,137**	-
	$ 1,216,580	$ 531,547

6. Related Party Transactions

The Fund paid $287,420 (2006 - $93,878) made up of program administration costs of $77,077 (2006 - $25,231) and Growing Through Immigration Strategy Support transfers of $210,343 (2006 - $68,647) to the Manitoba Development Corporation, which operates under control of a common Board of Directors.

Manitoba

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